

FISCAL NOTE

SB 1254 - HB 1109

March 21, 2005

SUMMARY OF BILL: Enacts the "Managed Care Liability Act" that would establish a standard of care for managed care entities making health care decisions and imposes civil liabilities on managed care entities that fail to exercise such standards of care.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The courts may need additional judicial resources due to an increase in the caseload and hearing time necessary to adjudicate such cases and the issues associated with these types of cases. To the extent this legislation imposes liability on plan administrators that are responsible for the evaluation of medically necessary criteria and adjudication of claims under the provisions of the State, Local Education and Local Government Plans, there would be an impact on the manner in which those claims are adjudicated resulting in a significant increase in state expenditures through support of health insurance for state employees and BEP contributions for participation in health insurance by employees of local education agencies.

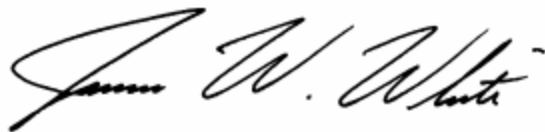
Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation could have a significant impact on the cost of health insurance premiums if managed care entities raise premiums to compensate for the costs of liability actions taken against them.

Assumptions:

- The courts will have an increase in caseloads and hearing times which will result in an increase of expenditures. The amount of individuals who may have a cause of action based on this bill is unknown.
- Employers, employer groups, employee associations, and the State of Tennessee are excluded from the provisions of this bill.
- The State, Local Education and Local Government plans are self insured and the legislation does not insulate plan administrators from the application of these provisions.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director